

Brief Overview of the Department of Health Care Services (DHCS)' California Advancing and Innovating Medi-Cal (CalAIM) Proposals that Impact the Criminal Justice Population

[California Advancing and Innovating Medi-Cal](#) (CalAIM) is a multi-year initiative led by the California Department of Health Care Services (DHCS) to improve the quality of life and health outcomes of the entire Medi-Cal population by implementing broad delivery system, program and payment reforms.¹

Because many individuals transitioning from incarceration are eligible for Medi-Cal, CalAIM seeks to significantly improve access to critical primary care and behavioral health services for this population. This document highlights for State and local criminal justice system partners the provisions of the CalAIM proposal that will impact individuals who are involved in the justice system, particularly those transitioning from jail/prison into communities across the State. Specifically, these proposals are:

- Mandatory Pre-Release Jail Enrollment and Facilitated Referral and Linkage to Behavioral Health Services at Release
- Provision of Limited Services 90 Days Prior to Release From Jail/Prison (In-Reach)
- Enhanced Care Management
- In Lieu of Services
- Updates to Drug Medi-Cal Organized Delivery System Eligibility Criteria
- Serious Mental Illness / Serious Emotional Disturbance Waiver

A high-level description of each of these proposals, including the responsible lead entity, system implementation partners, and proposed implementation date, is provided below.

¹ Certain CalAIM provisions were submitted to the Centers for Medicare & Medicaid Services as part of the Section 1915(b) and Section 1115 Demonstration Waiver applications. Submitted materials can be found [here](#). The Enacted Budget includes \$1.6 billion (\$650.7 million General Fund) in 2021-22 for the CalAIM initiative in general, which includes a wide variety of services provided to the Medi-Cal population as a whole. The cost increases in General Fund to \$1.5 billion (\$812.5 million General Fund) by 2023-24 and decreases to \$900 million (\$480 million General Fund) in 2024-25 and ongoing. A detailed summary of the May Revision related solely to the Department of Health Care Services can be found [here](#).

Mandatory Pre-Release Jail Enrollment and Facilitated Referral and Linkage from Jail and Youth Correctional Facilities to Behavioral Health Services at Release

Lead Entity: County Jails and Youth Correctional Facilities

System Implementation Partners: County Behavioral Health Agencies, County Sheriff's Offices, Community-Based Organizations, County Social Services Agencies

Proposed Implementation Date: January 1, 2023

Many incarcerated individuals qualify for Medi-Cal, and the transition from incarceration is an opportunity to offer Medi-Cal enrollment support. At least 20 counties have an existing infrastructure for pre-release jail enrollment.² To increase access to Medi-Cal services, DHCS proposes to mandate that all counties collaborate with county jails and youth correctional facilities to implement a county inmate pre-release Medi-Cal application process.³

In addition, there are sometimes gaps in care for individuals receiving jail-based behavioral health services when they transition from jail into the community; therefore, there is an opportunity to improve continuity of care by supporting engagement of individuals released from incarceration with needed behavioral health services. Accordingly, DHCS proposes to mandate that all counties establish a process for facilitated referral and linkage from county correctional institutions (including jails and youth correctional facilities) to county specialty mental health, Drug Medi-Cal, Drug Medi-Cal Organized Delivery System (DMC-ODS), and Medi-Cal Managed Care Plans (MCPs). This mandate would apply to inmates who were receiving behavioral health services while incarcerated, to allow for continuation of behavioral health treatment in the community. This mandate only applies to counties (not prisons) since this would be a new county mandate.

² For additional information about existing county processes, see Appendix C of the CalAIM [proposal](#).

³ At the State level, the Department of Corrections and Rehabilitation (CDCR) has established the Transitional Case Management Program (TCMP) to provide pre-release benefit assistance, including Medi-Cal enrollment assistance, to all eligible incarcerated individuals approximately 90-120 days prior to release from prison.

Provision of Limited Services 90 Days Prior to Release From Jail or Prison (In-Reach)

Lead Entity:	State Prisons, County Jails, and Youth Correctional Facilities working in partnership with Medi-Cal Managed Care Plans and Community-Based Providers, as appropriate
System Implementation Partners:	State Prisons, County Sheriffs, County Jails and Youth Correctional Facilities, CA Department of Corrections and Rehabilitation, CA Correctional Health Care Services, Department of Juvenile Justice
Proposed Implementation Date:	January 1, 2023

Generally, incarcerated individuals are not eligible for Medi-Cal services.⁴ DHCS has submitted a Section 1115 Demonstration Waiver to seek authority from the Centers for Medicare and Medicaid Services to provide limited Medi-Cal services for individuals with known medical and behavioral health needs within 90 days prior (or fewer days for people who may be released from incarceration earlier) to their release.⁵ The Section 1115 Demonstration Waiver also seeks Providing Access and Transforming Health Payments (PATH) funds to build capacity to support multiple CalAIM justice-involved initiatives. The State Enacted Budget included an allocation of a one-time \$200 million (\$100 million General Fund) in PATH funds to build capacity for effective pre-release application processes in county jails and to enable coordination with justice agencies and Medi-Cal coverage of services 90 days prior to release.

All youth under age 19 who are inmates of a correctional setting are eligible during the 90-day time period. Adults must meet one or more of the following criteria:

- ✓ Chronic mental illness
- ✓ Substance Use Disorder (SUD)
- ✓ Chronic disease (e.g., hepatitis C, diabetes)
- ✓ Intellectual or developmental disability
- ✓ Traumatic brain injury
- ✓ HIV
- ✓ Pregnancy

Services that may be provided 90 days prior to release include Enhanced Care Management (ECM, described below) or care coordination, as appropriate, limited community-based physical and behavioral health clinical consultation services provided via telehealth or, in person as

⁴ There is an exception to this federal prohibition when an inmate receives inpatient services at a medical facility located off the grounds of the correctional facility for an expected stay of more than 24 hours, and the inmate is found to be Medicaid eligible. Additional information about Medi-Cal funded services provided to currently incarcerated individuals can be found at the DHCS Medi-Cal Inmate Program [website](#).

⁵ "Medicaid Section 1115 Demonstration Five-Year Renewal and Amendment Request: CalAIM Demonstration," June 30, 2021 available at <https://www.dhcs.ca.gov/provgovpart/Documents/CalAIM-Section-1115-Renewal-Application.pdf>.

needed, laboratory and x-rays, Medication Assisted Treatment (MAT), and up to a 30-day supply of medication including up to 30 days of MAT, and durable medical equipment for use post-release into the community. In particular, the scope of care management services may include:

- ✓ Conducting an initial care needs assessment to evaluate medical, mental, SUD, and social needs.
- ✓ Developing a transition plan for community-based health services.
- ✓ Screening and providing referrals to community-based health services, including mental health and/or SUD services; services for individuals with developmental disabilities; making appointments to address post-release social needs (e.g., housing), and providing peer mentorship for positive social support, to promote engagement and to assist with system navigation.
- ✓ Identifying housing and preparing individuals for securing and maintaining stable housing, using housing-related in lieu of services (ILOS, described below), as appropriate and available.
- ✓ Developing a medication management plan in consultation with clinical providers.
- ✓ Linking individuals to critical supports that address social determinants of health.
- ✓ Providing culturally and linguistically appropriate education to individuals, families, caretakers, and other circles of support regarding the member's health care needs and available supports.
- ✓ Supporting members as they navigate reentry.

Enhanced Care Management

Lead Entity:	Medi-Cal Managed Care Plans
System Implementation Partners:	County Behavioral Health, Support Services Providers (e.g., Housing), Probation and Parole
Proposed Implementation Date:	January 1, 2022: Whole Person Care (WPC) Pilot enrollees January 1, 2023: Full implementation of ECM in all counties

DHCS is proposing to establish a new Enhanced Care Management (ECM) benefit within the Medi-Cal Managed Care delivery system, which will address the clinical and non-clinical needs of high-need, high-cost Medi-Cal Managed Care Members through systematic coordination of services and comprehensive care management.⁶ Since individuals transitioning from incarceration settings require services across multiple delivery systems, ECM will ensure that a designated entity is responsible for coordinating care that addresses both clinical and non-clinical (e.g., social determinants of health) needs.⁷

In order to receive ECM, individuals must be enrolled into a Medi-Cal Managed Care Plan and meet specified qualification criteria. ECM will be the highest level of care coordination that MCPs offer.⁸ MCPs will contract with community-based providers to implement ECM, and are required to offer care management to high-risk beneficiaries, including several mandatory

⁶ Enhanced Care Managers will be responsible for coordinating services such as: primary care/physical and developmental health, mental health, SUD treatment, community-based Long-Term Supportive Services, oral health, palliative care, trauma-informed care, necessary community-based and social services, In Lieu Of Services (detailed below), and housing. For more information, please reference the [Frequently Asked Questions \(FAQ\)](#) document.

⁷ Currently, Medi-Cal beneficiaries access services through Medi-Cal Managed Care Plans or through the Fee-for-Service (FFS) delivery system. MCPs are responsible for coordinating care for Managed Care Members, while there is not a similar requirement for care coordination in the FFS delivery system. Although the majority of Medi-Cal beneficiaries are enrolled into a MCP (approximately 80 percent), individuals transitioning from incarceration are more likely to access care through the FFS delivery system, which means that they are likely to receive little to no care coordination through Medi-Cal. Preliminary findings from the CDCR-DHCS Medi-Cal Utilization Project indicate that most beneficiaries transitioning from CDCR facilities are not enrolled onto MCPs immediately upon release, but MCP enrollment rates increase as they spend more time in the community.

⁸ MCPs will offer basic, complex, and enhanced care management. ECM is part of MCPs' broader Population Health Management strategies, which aim to reduce costs through high-quality, coordinated care administered based on risk stratification of beneficiaries.

Populations of Focus.⁹ One mandatory Population of Focus, to whom MCPs must offer ECM, are individuals transitioning from incarceration who have significant complex physical or behavioral health needs requiring immediate transition to the community.

⁹ MCPs will be required to offer ECM to both Adult and Children/Youth Populations of Focus. The Adult Populations of Focus include 1) Individuals and Families Experiencing Homelessness; 2) High Utilizers; 3) Adults with Serious Mental Illness (SMI) / Substance Use Disorder (SUD); 4) Individuals Transitioning from Incarceration; 5) Individuals at Risk for Institutionalization who are eligible for Long-Term Care services; and 6) Nursing Facility Residents Who Want to Transition to the Community. The Children/Youth Populations of Focus include: 1) Individuals and Families Experiencing Homelessness; 2) High Utilizers; 3) SED or Identified to be at Clinical High Risk (CHR) for Psychosis or Experiencing a First Episode of Psychosis; 4) Individuals Transitioning from Incarceration; 5) Enrolled in CCS/CCS Whole Child Model (WCM) with Additional Needs beyond CCS; 6) Involved in Child Welfare (including those with a history of involvement, and foster care up to 26). Specific ECM eligibility criteria are still under development for some of the Children/Youth Populations of Focus.

In Lieu of Services

Lead Entity:	Medi-Cal Managed Care Plans
System Implementation Partners:	County Behavioral Health, Service Providers (e.g., Housing), Probation and Parole
Proposed Implementation Date:	January 1, 2022

Individuals transitioning from incarceration have a wide variety of needs at reentry, and there is an opportunity to leverage Medi-Cal funds to address clinically linked needs through non-clinical services. DHCS has “pre-approved” fourteen “in lieu of services” (ILOS) statewide on January 1, 2022.¹⁰ According to federal Medicaid program rules, ILOS are lower-cost alternative services that can substitute for higher-cost health care services and/or settings such as inpatient hospital services and emergency department services.

ILOS exist within the Managed Care delivery system, and only individuals enrolled onto MCPs will be eligible to receive ILOS. MCPs will be responsible for administering ILOS by contracting with qualified providers or community-based ILOS providers. MCPs are encouraged, but not required, to offer ILOS. ILOS may not be duplicative of other received services. The menu of ILOS is:

- ✓ Housing Transition Navigation Services
- ✓ Housing Deposits
- ✓ Housing Tenancy and Sustaining Services
- ✓ Short-Term Post-Hospitalization Housing
- ✓ Recuperative Care (Medical Respite)
- ✓ Respite Services
- ✓ Day Habilitation Programs
- ✓ Nursing Facility Transition/Diversion to Assisted Living Facilities
- ✓ Community Transition Services/Nursing Facility Transition to a Home
- ✓ Personal Care and Homemaker Services
- ✓ Environmental Accessibility Adaptations (Home Modifications)
- ✓ Medically Tailored Meals/Medically Supportive Foods
- ✓ Sobering Centers
- ✓ Asthma Remediation

¹⁰ Support from other State, local tax or federally funded programs should always be considered first before using Medi-Cal funding for ILOS. DHCS released a [factsheet](#) about ILOS in April 2021.

Updates to Drug Medi-Cal Organized Delivery System Eligibility Criteria

Lead Entity: County Behavioral Health Agencies

System Implementation Partners: N/A

Proposed Implementation Date: January 1, 2022

The majority of individuals transitioning from incarceration in both prisons and jails in California have identified substance use disorder (SUD) and are required to manage their SUD prior to release.¹¹ Currently, access to Drug Medi-Cal Organized Delivery System services requires a SUD diagnosis at the time that the individual is seeking services. There is an opportunity to resolve these conflicting criteria and expand access to DMC-ODS services to secure or maintain sobriety. DHCS proposes to clarify that individuals leaving incarceration are eligible to receive Drug Medi-Cal Organized Delivery System services if they had at least one diagnosis of substance use disorder prior to being incarcerated or during incarceration.

In addition, DHCS is proposing additional DMC-ODS policy and programmatic changes designed to expand access to evidence-based care and improve outcomes (such as a reduction in criminal justice system involvement), including:

- Clarifying that DMC-ODS assessment and treatment services are reimbursable prior to diagnosis in nonresidential settings for up to 30 days (60 days for beneficiaries experiencing homelessness)
- Requiring DMC-ODS providers to directly offer or have effective referral mechanisms for MAT
- Removing the annual quantitative treatment limitation on residential treatment stays
- Covering contingency management for individuals with stimulant use disorder
- Clarifying the allowable components of recovery services, including how justice-involved individuals can access recovery services
- Allow federal reimbursement for all DMC-ODS services that are provided to American Indians and Alaska Natives by traditional healers and natural helpers

¹¹ According to a 2018 [report](#), it has been estimated that the prevalence of SUD among the CDCR population is approximately 80 percent. There is currently no comparable statewide statistic for California jails as not all jails systematically collect SUD data or report SUD data to the State.

Serious Mental Illness / Serious Emotional Disturbance Waiver

Lead Entity: County Behavioral Health Agencies
System Implementation Partners: To Be Determined
Proposed Implementation Date: No sooner than July 1, 2022. Demonstration launch in 2023-2024.

Individuals with serious mental illness (SMI) will have improved health outcomes if they receive community-based treatment rather than being incarcerated in prison/jail. To remain stable in the community, individuals with SMI may require short-term residential and/or inpatient mental health treatment. Short-term crisis stabilization, residential, and inpatient psychiatric resources can function as alternatives to incarceration, and increasing the number of crisis stabilization, residential and inpatient treatment options can reduce the number of incarcerated individuals with SMI and justice-involved youth with SED. DHCS proposes to submit an application to receive federal funding for institutional services provided to populations with a Serious Mental Illness or Serious Emotional Disturbance while the beneficiary is residing in an Institution for Mental Disease (IMD). Generally, an IMD is a hospital, nursing home or other institution with more than 16 beds that is primarily engaged in treating persons with mental diseases. If the waiver proposal is approved by CMS, DHCS would work with interested counties to develop a formal implementation plan. Counties would voluntarily opt in to participate.

Peer Support Specialists

Lead Entity: County Behavioral Health Agencies

System Implementation Partners: N/A

Effective Date: January 1, 2021

Many individuals transitioning from incarceration have significant behavioral health needs. Senate Bill 803 created the opportunity for California counties to opt into providing peer support specialist services. This pilot program presents an important opportunity to expand the utilization of peers, including but not limited to Forensic Peer Support Specialists. Forensic Peers have lived experience in both the criminal justice and behavioral health systems, as well as specialized training to assist with service navigation. As such, they are able to gain the trust and respect from the individuals they serve and effectively prepare individuals for reentry into their community, assist with activities of daily living, and help with navigation through, and engagement in, complex State and local public service delivery systems. The peer support specialist workforce will also be critical to the success of other federal and State initiatives aimed at eradicating homelessness in California as many justice-involved individuals with behavioral health needs require medically necessary support services in order to ensure that their housing placements are successful.

Next Steps

DHCS recognizes that the success of this demonstration initiative rests on close collaboration with multiple stakeholders across delivery systems, State prisons, county jails, youth correctional facilities, probation and parole offices. DHCS is committed to working with stakeholders on all aspects of design and implementation planning across all these initiatives including, but not limited to, establishing clear roles and responsibilities, ensuring continuity of service provision, and ensuring smooth transitions to community-based providers and resources upon release.